

**UNITED STATES BANKRUPTCY COURT  
FOR THE SOUTHERN DISTRICT OF TEXAS  
HOUSTON DIVISION**

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In re:

CORE SCIENTIFIC, INC., *et al.*,

Debtors.<sup>1</sup>

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)  
) Chapter 11  
)  
) Case No. 22-90341 (DRJ)  
)  
) (Jointly Administered)  
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**FIRST SUPPLEMENTAL  
VERIFIED STATEMENT OF THE AD HOC GROUP OF SECURED  
CONVERTIBLE NOTEHOLDERS PURSUANT TO BANKRUPTCY RULE 2019**

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In connection with the chapter 11 cases (the “Chapter 11 Cases”) of the above-captioned debtors in possession (the “Debtors”), Paul Hastings LLP (“Paul Hastings” or “Counsel”) hereby submits this first supplemental verified statement (the “First Supplemental Verified Statement”) pursuant to Rule 2019 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”) in connection with Paul Hastings’ representation of an ad hoc group of debtor-in-possession financing lenders and secured convertible noteholders, or investment advisors, subadvisors, or managers of discretionary accounts (the “Ad Hoc Group”) that hold (i) secured convertible notes issued pursuant to that certain Secured Convertible Note Purchase Agreement, dated as of April 19, 2021 (as may be amended, restated, amended and restated, supplemented or otherwise modified from time to time, and including all related credit documents, and the notes issued

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<sup>1</sup> The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, are as follows: Core Scientific Mining LLC (6971); Core Scientific, Inc. (3837); Core Scientific Acquired Mining LLC (N/A); Core Scientific Operating Company (5526); Radar Relay, Inc. (0496); Core Scientific Specialty Mining (Oklahoma) LLC (4327); American Property Acquisition, LLC (0825); Starboard Capital LLC (6677); RADAR LLC (5106); American Property Acquisitions I, LLC (9717); and American Property Acquisitions, VII, LLC (3198). The Debtors’ corporate headquarters and service address is 210 Barton Springs Road, Suite 300, Austin, Texas 78704.

thereunder, the “April Secured Convertible Notes”), and/or (ii) secured convertible notes issued pursuant to that certain Secured Convertible Note Purchase Agreement, dated on or about August 20, 2021 (as may be amended, restated, amended and restated, supplemented or otherwise modified from time to time, and including all related credit documents, and the notes issues thereunder, the “August Secured Convertible Notes”, and collectively with the April Secured Convertible Notes, the “Secured Convertible Notes”), each issued by Core Scientific, Inc. (as successor to or assignee of Core Scientific Holdings Co., the “Issuer”). As certified to Counsel by the Ad Hoc Group, each member holds, or are the investment advisors, sub-advisors, or managers for discretionary accounts that hold the Secured Convertible Notes (the “Debt Holdings”). Certain members of the Ad Hoc Group also hold shares of common stock and/or call options to purchase shares of common stock of Core Scientific, Inc. (the “Equity Holdings”, and together with the Debt Holdings, the “Holdings”). For the avoidance of doubt, Paul Hastings only represents the Ad Hoc Group in connection with each member’s Debt Holdings and does not represent the Ad Hoc Group in connection with any member’s Equity Holdings.

1. On October 30, 2022, certain members of the Ad Hoc Group retained Paul Hastings as counsel in connection with a potential restructuring of the Debtors. Each member of the Ad Hoc Group has consented to Counsel’s representation. Since its formation, certain additional noteholders have joined the Ad Hoc Group.

2. On January 18, 2023, Paul Hastings filed the *Verified Statement of the Ad Hoc Group of Secured Convertible Noteholders Pursuant to Bankruptcy Rule 2019* [Docket No. 305] (the “Original Verified Statement”). Paul Hastings now files this First Supplemental Verified Statement to further update information contained in the Original Verified Statement.

3. In connection with the Chapter 11 Cases, the Ad Hoc Group provided the Debtors with interim debtor-in-possession financing pursuant to that certain Senior Secured Super-Priority Debtor-in-Possession Loan and Security Agreement, dated as of December 22, 2022 (the “Original DIP Facility”, and the loans provided thereunder, the “Original DIP Loans”).<sup>2</sup>

4. On January 31, the Debtors filed the *Emergency Motion of Debtors for Entry of an Interim and Final Orders (I) Authorizing the Debtors to (A) Obtain Replacement Senior Secured Non-Priming Superpriority Postpetition Financing, (B) Use Cash Collateral, and (C) Pay Off Existing Post-Petition Financing Facility (II) Granting Liens and Providing Claims with Superpriority Administrative Expense Status, (III) Granting Adequate Protection to the Prepetition Secured Parties, (IV) Modifying the Automatic Stay, (V) Scheduling a Final Hearing, and (VI) Granting Related Relief* [Docket No. 389] seeking entry of an order authorizing the Debtors to obtain replacement debtor-in-possession financing (the “Replacement DIP Facility”).

5. On February 2, 2023, this Court entered an interim order authorizing the Debtors’ entry into the Replacement DIP Facility.<sup>3</sup> Pursuant to the Interim Replacement DIP Order, all obligations under the Original DIP Facility were repaid in full. As such, the members of the Ad Hoc Group no longer hold any Original DIP Loans as of the filing of this First Supplemental Verified Statement.

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<sup>2</sup> See *Interim Order (I) Authorizing the Debtors to (A) Obtain Senior Secured Priming Superpriority Postpetition Financing and (B) Use Cash Collateral, (II) Granting Liens and Providing Claims with Superpriority Administrative Expense Status, (III) Granting Adequate Protection to the Prepetition Secured Parties, (IV) Modifying the Automatic Stay, (V) Scheduling a Final Hearing, and (VI) Granting Related Relief* [Docket No. 130].

<sup>3</sup> See *Order (I) Authorizing the Debtors on an Interim Basis to (A) Obtain Senior Secured Non-Priming Superpriority Replacement Postpetition Financing and (B) Use Cash Collateral, (II) Authorizing the Debtors to Refinance Existing Postpetition Financing on a Final Basis, (III) Granting Liens and Providing Claims with Superpriority Administrative Expense Status, (IV) Granting Adequate Protection to the Prepetition Secured Parties on a Final Basis, (V) Modifying the Automatic Stay, (VI) Scheduling a Final Hearing, and (VII) Granting Related Relief* [Docket No. 447] (the “Interim Replacement DIP Order”).

6. The members of the Ad Hoc Group are either the beneficial holders of, or the investment advisors or managers to, funds and/or accounts that hold disclosable economic interests in relation to the Debtors. In accordance with Bankruptcy Rule 2019, attached hereto as **Exhibit A** is a list of the names and addresses for each member of the Ad Hoc Group and the Holdings of each member of the Ad Hoc Group, as of the Petition Date (as certified to Counsel by each member of the Ad Hoc Group).<sup>4</sup> The information contained in **Exhibit A** is based upon information provided by the members of the Ad Hoc Group to Counsel and is subject to change.

7. As of the date of this First Supplemental Verified Statement, Counsel represents only the members of the Ad Hoc Group and does not represent or purport to represent any persons or entities other than the Ad Hoc Group in connection with the Chapter 11 Cases. In addition, as of the date of this First Supplemental Verified Statement, the Ad Hoc Group, both collectively and through its individual members, does not represent and purport to represent any other persons or entities in connection with the Chapter 11 Cases.

8. The information contained in this First Supplemental Verified Statement and **Exhibit A** attached hereto is intended only to comply with Bankruptcy Rule 2019 and is not intended for any other purpose. Nothing contained herein should be construed as a limitation or waiver of any rights of any member of the Ad Hoc Group, including, without limitation, the right to assert, file and/or amend its claims in accordance with any applicable orders entered in these Chapter 11 Cases.

9. The information contained in **Exhibit A** is based upon information provided by the applicable members of the Ad Hoc Group. Counsel does not make any representation regarding

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<sup>4</sup> Certain other funds or accounts managed or advised by affiliates of certain members of the Ad Hoc Group may hold equity or debt in the Debtors. Paul Hastings does not represent such funds in the Chapter 11 Cases, and their debt and equity holdings are not included in **Exhibit A** attached hereto.

the validity, amount, allowance, or priority of such claims, and reserves all rights with respect thereto. Counsel does not own, nor have they ever owned, any claims against or interests in the Debtors, except for claims for services rendered to the Ad Hoc Group. However, Counsel has sought to have its fees and disbursements paid by the Debtors' estates pursuant to title 11 of the United States Code or as otherwise permitted in the Chapter 11 Cases. The Ad Hoc Group, through Counsel, reserves the right to amend and/or supplement this First Supplemental Verified Statement in accordance with the requirements set forth in Bankruptcy Rule 2019 at any time in the future.

Dated: March 2, 2023  
Houston, Texas

Respectfully submitted

/s/ James T. Grogan III

**PAUL HASTINGS LLP**

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*Counsel to the Ad Hoc Group of Secured Convertible  
Noteholders*

**Certificate of Service**

I certify that on March 2, 2023, I caused a copy of the foregoing document to be served by the Electronic Case Filing System for the United States Bankruptcy Court for the Southern District of Texas.

/s/ James T. Grogan III

James T. Grogan III

**Exhibit A**<sup>5</sup>

Entity	Address	Nature and Principal Amount of Holdings <sup>6</sup>
Apollo Capital Management, L.P.	9 West 57th Street 41st Floor New York, NY 10019	\$16,718,106.97 in aggregate principal amount of April Secured Convertible Notes  \$10,924,074.45 in aggregate principal amount of August Secured Convertible Notes
Certain funds and/or accounts, or subsidiaries of such funds and/or accounts, managed, advised or controlled by BlackRock Financial Management, Inc., or an affiliate thereof <sup>7</sup>	50 Hudson Yards New York, NY 10001	\$38,234,260.58 in aggregate principal amount of August Secured Convertible Notes
Corbin Capital Partners, L.P.	590 Madison Avenue Suite 3101 New York, NY 10022	\$15,293,704.23 in aggregate principal amount of August Secured Convertible Notes

<sup>5</sup> Amounts listed on this **Exhibit A** represent aggregate interests held by, or held by funds or accounts managed or advised by, the listed entities or their respective affiliates solely to the extent such entities are members of the Ad Hoc Group. Amounts listed on this **Exhibit A** do not include any claims for, without limitation, fees, expenses, premiums, make-wholes or other amounts or indemnification obligations that may be owing under any note purchase agreement, note, indenture, credit agreement or other instrument.

<sup>6</sup> Amounts listed with respect to the April Secured Convertible Notes include (i) accrued paid in kind (“**PIK**”) interest, (ii) accrued cash interest, and (iii) accreted original issue discount, in each case, through the Petition Date. Amounts listed with respect to the August Secured Convertible Notes include (i) accrued PIK interest, and (ii) accrued cash interest, in each case, through the Petition Date.

<sup>7</sup> Certain other funds and accounts managed or advised by affiliates of BlackRock Financial Management, Inc. may hold equity or debt in the Debtors. Paul Hastings does not represent these funds with respect to such holdings.



Entity	Address	Nature and Principal Amount of Holdings <sup>6</sup>
Gullane Capital, LLC	640 S Perkins Rd Memphis, TN 38117	\$62,363,606.38 in aggregate principal amount of August Secured Convertible Notes  8,297,746 shares of common stock  291,700 shares of common stock may be purchased pursuant to call options
Ibex Investors LLC	260 N. Josephine St Third Floor Denver, CO 80206	\$97,901,772.52 in aggregate principal amount of April Secured Convertible Notes
ICG Advisors, LLC	11111 Santa Monica Blvd., Suite 2100 Los Angeles, CA 90025	\$61,753,425.74 in aggregate principal amount of April Secured Convertible Notes
Jordan Park Group LLC	100 Pine Street Suite 2600 San Francisco, CA 94111	\$31,133,612.18 in aggregate principal amount of August Secured Convertible Notes

Entity	Address	Nature and Principal Amount of Holdings <sup>6</sup>
Kensico Capital Management Corp.	55 Railroad Avenue 2nd Floor Greenwich, CT 06830	\$37,654,527.89 in aggregate principal amount of April Secured Convertible Notes \$4,369,629.78 in aggregate principal amount of August Secured Convertible Notes <sup>8</sup>
Marsico AXS CS LLC	5251 DTC Parkway Suite 410 Greenwood Village, CO 80111	\$23,557,623.45 in aggregate principal amount of August Secured Convertible Notes
Massachusetts Mutual Life Insurance Company <sup>9</sup>	10 Fan Pier Blvd. Boston, MA 02210	\$43,696,297.80 in aggregate principal amount of August Secured Convertible Notes
Sabby Volatility Warrant Master Fund, Ltd.	c/o Sabby Management, LLC 115 Hidden Hills Dr. Spicewood, TX 78669	\$2,731,018.61 in aggregate principal amount of August Secured Convertible Notes
Toroso Investments, LLC	898 N. Broadway Massapequa, NY 11758	\$28,948,797.29 in aggregate principal amount of August Secured Convertible Notes

<sup>8</sup> Such amount is beneficially owned through a personal account of a co-principal of Kensico Capital Management Corp.

<sup>9</sup> Certain affiliates of Massachusetts Mutual Life Insurance Company-provided equipment financing to the Debtors. Paul Hastings does not represent any such affiliates of Massachusetts Mutual Life Insurance Company in its capacity as an equipment financing lender to the Debtors in connection with the Chapter 11 Cases.